



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

April 29, 2005

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Greene County, Iowa.

The County has implemented new reporting standards for the year ended June 30, 2004, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$14,402,331 for the year ended June 30, 2004, which included \$1,122,674 in tax credits from the state. The County forwarded \$10,228,816 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,173,515 of the local tax revenue to finance County operations, a less than one percent increase from the prior year. Other revenues included charges for service of \$616,423, operating grants, contributions and restricted interest of \$2,928,674, capital grants, contributions and restricted interest of \$1,680,513, unrestricted investment earnings of \$26,240 and other general revenues of \$70,266.

Expenses for County operations totaled \$7,968,698, and included \$3,465,188 for roads and transportation, \$1,195,523 for mental health and \$1,085,878 for administration.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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GREENE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2004

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Greene County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bill Raney	Board of Supervisors	Jan 2005
Jack Anderson	Board of Supervisors	Jan 2005
Guy Richardson	Board of Supervisors	Jan 2005
Terrance F. Adams	Board of Supervisors	Jan 2007
Duane Larson	Board of Supervisors	Jan 2007
Jane Heun	County Auditor	Jan 2005
Donna Lawson	County Treasurer	Jan 2007
Marcia Tasler	County Recorder	Jan 2007
Jeffrey R. Roeder	County Sheriff	Jan 2005
Nicola J. Martino	County Attorney	Jan 2007
Jim Spearman	County Assessor	Jan 2010

Greene County



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Independent Auditor's Report

To the Officials of Greene County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greene County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Greene County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Greene County at June 30, 2004, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 13 to the financial statements, for the year ended June 30, 2004, Greene County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2005 on our consideration of Greene County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 42 through 45 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Greene County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 14, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Greene County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

This is the first year that Greene County is required to report all activities on a full accrual basis in accordance with GASB 34. A comprehensive comparison to the prior fiscal year is not possible. Efforts have been made to provide comparison to prior year data when such data is available. In subsequent years, comparison to prior year data will be provided for all key information.

2004 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental funds decreased 9%, or approximately \$818,500, from fiscal 2003 to fiscal 2004. Property and other county tax decreased .62%, or approximately \$24,000.
- Expenditures of the County's governmental funds decreased 1.4%, or approximately \$119,000. Roads and transportation increased by approximately \$401,000 and capital projects decreased by approximately \$12,000.
- The County's net assets increased 11.4%, or approximately \$1,527,000, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The *Government-wide Financial Statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Greene County as a whole and present an overall view of the County's finances.
- The *Fund Financial Statements* tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Greene County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Greene County acts solely as an agent or custodian for the benefit of those outside of county government (Agency Funds).
- The financial statements also include notes to explain some of the information in the statements and provide more detailed data.
- The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Greene County's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue and Capital Projects Funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about Greene County's funds, focusing on its most significant or "major" funds – not Greene County as a whole. Funds are accounting devices the county uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law.
- Greene County establishes other funds to control and manage money for particular purposes or to show it is properly using certain revenues, such as federal grants.

Greene County has two types of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include the General Fund, the Special Revenue Funds such as Mental Health, Rural Services and Secondary Roads, and the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Fiduciary funds account for activities where Greene County is the trustee, or fiduciary, for assets that belong to others, such as Drainage District Funds, Emergency Management Services Fund, County Assessor Funds and all the property tax funds necessary to collect and distribute the taxes to schools, cities, townships and all other taxing authorities. Greene County excludes these activities from the government-wide financial statements because these assets cannot be used to finance its operations. Fiduciary funds report a liability due to other governments and therefore no fund balance is reported. The required financial statements include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position.

The analysis below shows the County’s total net assets at June 30, 2004.

Net Assets of Governmental Activities (Expressed in Thousands)	
	June 30, 2004
Current and other assets	\$ 7,487
Capital assets	12,008
Total assets	<u>19,495</u>
Long-term liabilities	466
Other liabilities	4,132
Total liabilities	<u>4,598</u>
Net assets:	
Invested in capital assets, net of related debt	11,803
Restricted	2,145
Unrestricted	949
Total net assets	<u><u>\$ 14,897</u></u>

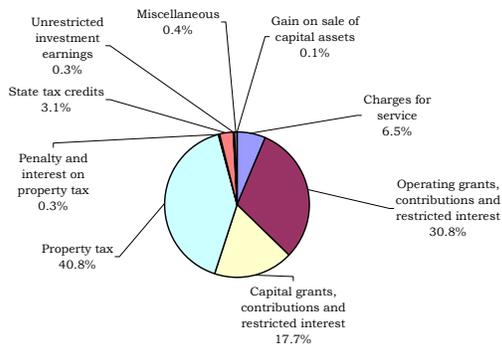
Net assets of Greene County’s governmental activities increased by \$1,526,933, or 11.4%, during the fiscal year. The greatest portion of the County’s net assets is the investment in capital assets (i.e., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – are reported at \$949,452 at June 30, 2004.

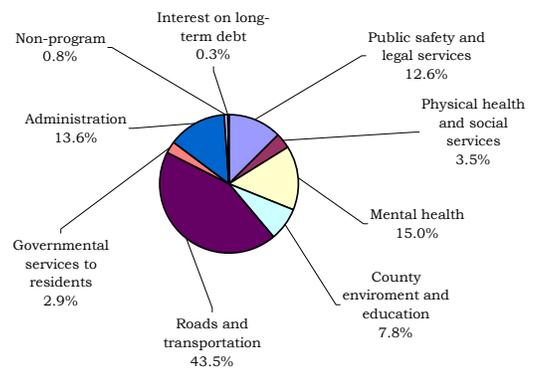
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30, 2004
Program revenues:	
Charges for service	\$ 616
Operating grants, contributions and restricted interest	2,929
Capital grants, contributions and restricted interest	1,680
General revenues:	
Property tax	3,877
Penalty and interest on property tax	29
State tax credits	297
Unrestricted investment earnings	26
Miscellaneous	34
Gain on sale of capital assets	7
Total revenues	9,495
Program expenses:	
Public safety and legal services	1,000
Physical health and social services	282
Mental health	1,195
County environment and education	619
Roads and transportation	3,465
Governmental services to residents	232
Administration	1,086
Non-program	65
Interest on long-term debt	24
Total expenses	7,968
Increase in net assets	1,527
Net assets beginning of year, as restated	13,370
Net assets end of year	\$ 14,897

Revenue by Source



Expenses by Program



Greene County increased property tax levied county-wide by \$16,898, or .6%, and decreased rural property tax by \$33,480, or 2.75%. Taxable value for each and total dollars levied are as follows:

	For taxes levied	
	FY 2004	FY 2003
County-wide taxable value	\$ 480,697,522	476,272,764
Dollars levied county-wide	2,831,356	2,814,458
Rural taxable value	361,298,838	363,979,781
Dollars levied rural area only	1,182,934	1,216,414
Total dollars levied	4,014,290	4,030,872

Property tax revenue is budgeted to decrease by approximately \$229,000 in FY05 in spite of an increase in levy rates. This is due to a severe decrease in rural valuation statewide of over \$100,000,000. County-wide valuation decreased similarly.

INDIVIDUAL MAJOR FUND ANALYSIS

As Greene County completed the year, its governmental funds reported a combined fund balance of \$3.28 million, a decrease of approximately \$157,000 from last year's total of \$3.44 million. The decrease in fund balance is primarily attributable to lower interest income and lower intergovernmental income. The following are reasons for the more significant changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$100,000 and expenditures increased approximately \$96,000. The ending fund balance declined approximately \$147,000 from the prior year to approximately \$1.1 million. Expenditures exceeded revenue in the General Fund.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.2 million, a decrease of 8% from the prior year. The Mental Health Fund balance at year-end increased approximately \$122,000 over the prior year.
- Rural Services Fund revenues declined approximately \$33,000, while expenditures increased slightly by approximately \$9,000. The ending fund balance declined approximately \$19,000 from the prior year end balance.
- Secondary Roads Fund expenditures increased approximately \$312,000 over the prior year, due principally to increased roadway maintenance and general roadway expenditures. This increase in expenditures resulted in a decrease to the Secondary Roads Fund ending balance of approximately \$203,000, or 13.4%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Greene County amended its budget twice. The first amendment was made in April 2004 and resulted in a decrease to budgeted revenues of \$93,549 and an increase to budgeted expenditures of \$90,000. This amendment was made to purchase an ambulance and increase the sheriff's budget. The second amendment was made in May 2004 to increase roads and transportation expenditures by \$150,000 and to decrease capital projects expenditures by the same amount, all within the Secondary Roads Fund.

During the year, the following situations/actions impacted the County's budget:

- The State cut funding to the General Fund, the Mental Health Fund and the Rural Services Fund after the FY04 budget had been certified. County paid health insurance premiums were held to approximately the same premiums by increasing the employee deductible. At the same time, the County paid down the employee deductible to \$100/\$200. Premiums for workers compensation insurance and other County insurance climbed by almost 19%.
- Elected officials received increases varying from \$1,200 for attorney, auditor, treasurer and recorder to \$1,500 for sheriff and \$250 for supervisors. Secondary road employees received increases as per contract of 3%, and the remainder of the non-union employees received approximately 2% increases.
- Property tax valuations decreased approximately \$2.7 million in rural areas and increased approximately \$4.4 million on a county-wide basis for fiscal 2004.
- Interest income from investments decreased approximately \$21,000, or 32%, from fiscal 2003 due to much lower interest rates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, Greene County had approximately \$12 million invested in a broad range of capital assets, including public safety equipment, building, park facilities, roads and bridges.

<u>Capital Assets of Governmental Activities at Year End</u>	
	<u>June 30, 2004</u>
Land	\$ 1,171,833
Buildings and improvements	1,095,176
Equipment and vehicles	3,333,444
Construction in progress	1,237,631
Infrastructure	<u>5,170,001</u>
Total	<u>\$ 12,008,085</u>

This year's major addition included the capital assets contributed by the Iowa Department of Transportation, totaling \$1,264,822. The County had depreciation expense of \$722,519 in FY04 and total accumulated depreciation of \$6,660,988 at June 30, 2004. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2004, Greene County had approximately \$287,000 in outstanding debt, compared to approximately \$527,000 at June 30, 2003, as shown below.

During the year, Greene County completed payment of \$52,881 on a real estate contract for a gravel pit and also paid \$194,667 on the second of three capital lease purchase payments for three motor graders. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

Outstanding Debt of Governmental Activities at Year-End	
Capital lease purchase agreements	\$ 204,881
Drainage warrants	<u>82,545</u>
Total	<u>\$ 287,426</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Greene County's elected and appointed officials and citizens considered many factors when setting the fiscal 2005 budget, tax rates and fees charged for various County activities. One major factor is a 28% drop in the rural valuation (from \$374,677,579 to \$269,276,093). This decline of over \$105,000,000 caused a shift in property tax burden from agricultural to commercial property owners. The Board of Supervisors exceeded both the general and rural levy limits in fiscal year 2005 as permitted by the Iowa Code due to the extraordinary circumstances clause. Re-estimated disbursements for fiscal 2005 are approximately \$300,000 less than this year. No major new programs or initiatives are added to the 2005 budget, and many departments and programs are held to the 2004 level of funding. The County expects to dip into its fund balances to help fund 2005 costs, as property taxes levied are expected to decline by approximately \$229,000, or 3.16%.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Greene County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Greene County Auditor's Office, 114 N. Chestnut, Jefferson, Iowa 50129.

Greene County

Basic Financial Statements

Greene County
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 2,797,598
Receivables:	
Property tax:	
Delinquent	2,152
Succeeding year	3,648,000
Interest and penalty on property tax	5,087
Accounts	150
Accrued interest	1,660
Drainage assessments	77,330
Due from other governments	231,805
Inventories	722,822
Prepaid insurance	544
Capital assets (net of accumulated depreciation)	<u>12,008,085</u>
Total assets	<u>19,495,233</u>
Liabilities	
Accounts payable	249,162
Accrued interest payable	8,515
Salaries and benefits payable	57,810
Due to other governments	168,172
Deferred revenue:	
Succeeding year property tax	3,648,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	204,881
Compensated absences	115,524
Portion due or payable after one year:	
Compensated absences	63,387
Drainage warrants	<u>82,545</u>
Total liabilities	<u>4,597,996</u>
Net Assets	
Invested in capital assets, net of related debt	11,803,204
Restricted for:	
Supplemental levy purposes	321,114
Mental health purposes	238,370
Secondary roads purposes	1,192,336
Drainage warrants	299,493
Capital projects	3
Other purposes	93,265
Unrestricted	<u>949,452</u>
Total net assets	<u>\$ 14,897,237</u>

See notes to financial statements.

Greene County
Statement of Activities
Year ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 999,981	93,536	27,650	-	(878,795)
Physical health and social services	281,793	6,729	29,645	-	(245,419)
Mental health	1,195,523	2,284	687,354	-	(505,885)
County environment and education	619,275	72,954	9,419	71,327	(465,575)
Roads and transportation	3,465,188	89,832	2,174,606	1,609,186	408,436
Governmental services to residents	232,121	210,305	-	-	(21,816)
Administration	1,085,878	13,781	-	-	(1,072,097)
Non-program	64,930	127,002	-	-	62,072
Interest on long-term debt	24,009	-	-	-	(24,009)
Total	\$ 7,968,698	616,423	2,928,674	1,680,513	(2,743,088)
General Revenues:					
Property and other county tax levied for general purposes					3,876,978
Penalty and interest on property tax					29,334
State tax credits					296,537
Unrestricted investment earnings					26,240
Miscellaneous					34,219
Gain on sale of capital assets					6,713
Total general revenues					4,270,021
Change in net assets					1,526,933
Net assets beginning of year, as restated					13,370,304
Net assets end of year					\$ 14,897,237

See notes to financial statements.

Greene County
Balance Sheet
Governmental Funds

June 30, 2004

	General	Mental Health
Assets		
Cash and pooled investments	\$ 1,169,370	393,847
Receivables:		
Property tax:		
Delinquent	1,507	414
Succeeding year	2,115,000	408,000
Interest and penalty on property tax	5,087	-
Accounts	150	-
Accrued interest	1,638	-
Drainage assessments	-	-
Due from other funds	-	-
Due from other governments	30,480	5,038
Inventories	-	-
Prepaid insurance	544	-
	\$ 3,323,776	807,299
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 56,001	39,735
Salaries and benefits payable	32,354	680
Due to other funds	2,333	-
Due to other governments	13,641	120,170
Deferred revenue:		
Succeeding year property tax	2,115,000	408,000
Other	5,661	344
Total liabilities	2,224,990	568,929
Fund balances:		
Reserved for:		
Supplemental levy purposes	323,422	-
Drainage warrants	-	-
Resource enhancement and protection	-	-
Unreserved, reported in:		
General fund	775,364	-
Special revenue funds	-	238,370
Capital projects fund	-	-
Total fund balances	1,098,786	238,370
	\$ 3,323,776	807,299

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor Governmental	Total
240,440	605,653	388,288	2,797,598
231	-	-	2,152
1,125,000	-	-	3,648,000
-	-	-	5,087
-	-	-	150
-	-	22	1,660
-	-	77,330	77,330
-	2,333	-	2,333
1,952	180,007	14,328	231,805
-	722,822	-	722,822
-	-	-	544
1,367,623	1,510,815	479,968	7,489,481
5,424	143,340	4,662	249,162
2,482	22,294	-	57,810
-	-	-	2,333
225	34,136	-	168,172
1,125,000	-	-	3,648,000
220	-	77,330	83,555
1,133,351	199,770	81,992	4,209,032
-	-	-	323,422
-	-	304,708	304,708
-	-	27,224	27,224
-	-	-	775,364
234,272	1,311,045	66,041	1,849,728
-	-	3	3
234,272	1,311,045	397,976	3,280,449
1,367,623	1,510,815	479,968	7,489,481

Greene County

Greene County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2004

Total governmental fund balances (page 19) \$ 3,280,449

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$18,669,073 and the accumulated depreciation is \$6,660,988. 12,008,085

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 83,555

Long-term liabilities, including capital lease purchase agreements, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (474,852)

Net assets of governmental activities (page 16) \$ 14,897,237

See notes to financial statements.

Greene County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2004

	General	Mental Health
Revenues:		
Property and other county tax	\$ 2,148,743	584,773
Interest and penalty on property tax	27,398	-
Intergovernmental	366,608	730,658
Licenses and permits	6,729	-
Charges for service	283,019	2,283
Use of money and property	44,115	-
Miscellaneous	2,277	-
Total revenues	<u>2,878,889</u>	<u>1,317,714</u>
Expenditures:		
Operating:		
Public safety and legal services	1,000,203	-
Physical health and social services	279,004	-
Mental health	-	1,195,522
County environment and education	428,044	-
Roads and transportation	-	-
Governmental services to residents	234,034	-
Administration	989,647	-
Non-program	8,057	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>2,938,989</u>	<u>1,195,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,100)</u>	<u>122,192</u>
Other financing sources (uses):		
Sale of capital assets	150	-
Operating transfers in	-	-
Operating transfers out	(87,000)	-
Drainage warrants issued	-	-
Total other financing sources (uses)	<u>(86,850)</u>	<u>-</u>
Net change in fund balances	(146,950)	122,192
Fund balances beginning of year, as restated	<u>1,245,736</u>	<u>116,178</u>
Fund balances end of year	<u>\$ 1,098,786</u>	<u>238,370</u>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor Governmental	Total
1,144,216	-	-	3,877,732
-	-	-	27,398
73,754	2,510,791	12,774	3,694,585
-	11,031	-	17,760
-	6,570	39,551	331,423
-	-	138	44,253
-	94,778	121,546	218,601
1,217,970	2,623,170	174,009	8,211,752
34,559	-	4,279	1,039,041
-	-	-	279,004
-	-	-	1,195,522
220,350	-	-	648,394
-	3,368,306	-	3,368,306
-	-	-	234,034
1,731	-	-	991,378
-	-	4,660	12,717
-	-	59,597	59,597
-	457,655	144,055	601,710
256,640	3,825,961	212,591	8,429,703
961,330	(1,202,791)	(38,582)	(217,951)
-	-	-	150
-	1,000,000	82,879	1,082,879
(980,000)	-	(15,879)	(1,082,879)
-	-	60,613	60,613
(980,000)	1,000,000	127,613	60,763
(18,670)	(202,791)	89,031	(157,188)
252,942	1,513,836	308,945	3,437,637
234,272	1,311,045	397,976	3,280,449

Greene County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2004

Net change in fund balances - Total governmental funds (page 23) \$ (157,188)

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 882,533	
Capital assets contributed by the Iowa Department of Transportation	1,264,822	
Depreciation expense	<u>(722,519)</u>	1,424,836

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.

6,713

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	1,182	
Other	<u>11,010</u>	12,192

Long-term debt proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceed issues, as follows:

Proceeds from drainage warrants	(60,613)	
Drainage warrants paid	52,272	
Principal payments	<u>247,548</u>	239,207

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(6,873)	
Interest on long-term debt	<u>8,046</u>	<u>1,173</u>

Change in net assets of governmental activities (page 17) \$ 1,526,933

See notes to financial statements.

Greene County
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2004

Assets

Cash and pooled investments:	
County Treasurer	\$ 709,265
Other County officials	49,815
Receivables:	
Property tax:	
Delinquent	9,717
Succeeding year	9,476,000
Accounts	48
Due from other funds	1,390
Due from other governments	5,811
Total assets	10,252,046

Liabilities

Accounts payable	463
Salaries and benefits payable	2,241
Due to other funds	1,390
Due to other governments	10,195,702
Trusts payable	46,336
Compensated absences	5,914
Total liabilities	10,252,046

Net assets	\$ -
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See notes to financial statements.

Greene County

Notes to Financial Statements

June 30, 2004

(1) Summary of Significant Accounting Policies

Greene County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Greene County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Greene County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Greene County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information for the individual drainage districts can be obtained from the Greene County Auditor's office.

The Raccoon River Valley Trail Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Greene County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial transactions of this foundation have been reported as a Special Revenue Fund.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Greene County Assessor's Conference Board, County Emergency Management Commission, Region V Hazardous Materials Response Commission and Greene County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2003.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Infrastructure	10 - 65
Equipment	2 - 20
Vehicles	5 - 15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1, which means the investments are insured or registered or the securities are held by the County or its agent in the County's name.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2004 are as follows:

Type	Fair Value
U.S. Governmental Securities, FNMA interest only strip	\$ 304

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$148 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2004 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 2,333
Agency:	Agency:	
County Recorder's Electronic Transaction Fee	County Recorder	<u>1,390</u>
Total		<u>\$ 3,723</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 20,000
	Special Revenue:	
	Rural Services	980,000
Conservation Land Acquisition	General	48,486
REAP	General	18,514
	Capital Projects	15,879
		<u>1,082,879</u>
Total		<u>\$ 1,082,879</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,115,250	56,583	-	1,171,833
Construction in progress	60,092	1,731,081	(553,542)	1,237,631
Total capital assets not being depreciated	<u>1,175,342</u>	<u>1,787,664</u>	<u>(553,542)</u>	<u>2,409,464</u>
Capital assets being depreciated:				
Buildings	2,170,977	65,000	-	2,235,977
Equipment and vehicles	6,386,620	342,621	(300,228)	6,429,013
Infrastructure, road network	7,041,077	553,542	-	7,594,619
Total capital assets being depreciated	<u>15,598,674</u>	<u>961,163</u>	<u>(300,228)</u>	<u>16,259,609</u>
Less accumulated depreciation for:				
Buildings	1,104,170	36,631	-	1,140,801
Equipment and vehicles	2,942,256	412,324	(259,011)	3,095,569
Infrastructure, road network	2,151,054	273,564	-	2,424,618
Total accumulated depreciation	<u>6,197,480</u>	<u>722,519</u>	<u>(259,011)</u>	<u>6,660,988</u>
Total capital assets being depreciated, net	<u>9,401,194</u>	<u>238,644</u>	<u>(41,217)</u>	<u>9,598,621</u>
Governmental activities capital assets, net	<u>\$ 10,576,536</u>	<u>2,026,308</u>	<u>(594,759)</u>	<u>12,008,085</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 53,104
Physical health and social services		1,188
County environment and education		28,782
Roads and transportation		532,597
Governmental services to residents		850
Administration		<u>105,998</u>
Total depreciation expense - governmental activities		<u><u>\$ 722,519</u></u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	<u>\$ 13,641</u>
Special Revenue:		
Mental Health	Services	120,170
Rural Services	Services	225
Secondary Roads	Services	<u>34,136</u>
		<u>154,531</u>
Total for governmental funds		<u><u>\$ 168,172</u></u>
Agency:		
County Assessor	Collections	\$ 248,366
Schools		5,955,621
Community Colleges		279,661
Corporations		2,106,668
Auto License and Use Tax		185,203
County Hospital		1,045,946
All other		<u>374,237</u>
Total for agency funds		<u><u>\$ 10,195,702</u></u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	Capital Lease Purchase Agreements	Real Estate Contract Payable	Drainage Warrants	Compensated Absences	Total
Balance beginning of year, as restated	\$ 399,548	52,881	74,204	172,038	698,671
Increases	-	-	60,613	170,002	230,615
Decreases	194,667	52,881	52,272	163,129	462,949
Balance end of year	\$ 204,881	-	82,545	178,911	466,337
Due within one year	\$ 204,881	-	-	115,524	320,405

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease 3 motor graders and 3 radios with historical costs of \$622,848 and \$3,145, respectively. The following is a schedule of the future minimum lease payments, including interest ranging from 5.25% to 7.56% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2004:

Year ending June 30,	Motor Graders	Radios	Total
2005	\$ 214,567	1,126	215,693
Less amount representing interest	(10,733)	(79)	(10,812)
Present value of net minimum lease payments	\$ 203,834	1,047	204,881

Payments under capital lease purchase agreements totaled \$215,693 for the year ended June 30, 2004.

Drainage Warrants Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

Real Estate Contract Payable

The County has entered into a real estate contract to purchase land. During the year ended June 30, 2004, final payment of \$52,881 of principal and \$3,702 of interest were made under the real estate contract.

(8) Contingent Liability and Medical Center Revenue Notes

On March 1, 1998, the County issued \$2,405,000 of general obligation refunding bonds, with interest rates ranging from 3.95% to 4.85% per annum, to refund outstanding general obligation bonds issued in 1991 for the Greene County Medical Center.

The County entered into an irrevocable escrow agreement with Bankers Trust Company and deposited cash sufficient to retire the 1991 bonds when callable on May 1, 2001. These bonds were called on May 1, 2001 and are no longer outstanding.

The County is contingently liable on the general obligation refunding bonds. Since the interest and bond principal are currently paid from an annual tax levy certified by the Hospital Board of Trustees, this liability has not been recorded on Exhibit A. However, since the bonds are a general obligation of the County, a tax may be levied on all taxable property in the County if the revenues of the Greene County Medical Center in future years are not adequate to pay the bond principal and interest. The transactions for this bond issue are accounted for in an Agency Fund.

Details of this general obligation refunding bond indebtedness at June 30, 2004 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2005	4.30%	\$ 180,000	67,092	247,092
2006	4.40	190,000	59,353	249,353
2007	4.50	195,000	50,992	245,992
2008	4.60	210,000	42,218	252,218
2009	4.65	220,000	32,557	252,557
2010	4.75	225,000	22,328	247,328
2011	4.85	240,000	11,640	251,640
Total		\$ 1,460,000	286,180	1,746,180

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$143,941, \$137,102 and \$133,365, respectively, equal to the required contributions for each year.

(10) Risk Management

Greene County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2004 were \$127,822.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the County's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) E911 Lease Agreement

On July 23, 2002, the E911 Service Board approved a \$150,000 municipal lease agreement with United Bank of Churdan for the purchase of radio equipment. The lease calls for 5 annual payments of \$37,321, including interest at 7.89% per annum. Since the lease principal and interest is to be paid exclusively from E911 surcharge revenues, this liability has not been recorded in the County's financial statements.

(13) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the County's governmental activities. Beginning net assets for governmental activities has been restated to include capital assets and the changes in assets and liabilities at July 1, 2003 resulting from the conversion to the accrual basis of accounting. In addition, the REAP account balance of \$7,678 within the General Fund has been reclassified as a Special Revenue Fund.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	<u>Amount</u>
Net assets June 30, 2003, as previously reported	\$ 3,408,986
GASB Interpretation 6 adjustments	<u>28,651</u>
Net assets July 1, 2003, as restated for governmental funds	3,437,637
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$6,197,480	10,576,536
Long-term liabilities	(715,232)
Deferral of long-term assets	<u>71,363</u>
Net assets July 1, 2003, as restated	<u>\$ 13,370,304</u>

Greene County

Required Supplementary Information

Greene County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2004

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 3,877,291	-	3,877,291
Interest and penalty on property tax	26,826	-	26,826
Intergovernmental	3,808,008	-	3,808,008
Licenses and permits	18,225	-	18,225
Charges for service	344,966	-	344,966
Use of money and property	49,164	-	49,164
Miscellaneous	224,371	117,284	107,087
Total receipts	<u>8,348,851</u>	<u>117,284</u>	<u>8,231,567</u>
Disbursements:			
Public safety and legal services	1,054,704	-	1,054,704
Physical health and social services	279,097	-	279,097
Mental health	1,255,712	-	1,255,712
County environment and education	631,767	-	631,767
Roads and transportation	3,319,156	-	3,319,156
Governmental services to residents	233,303	-	233,303
Administration	995,268	-	995,268
Non-program	8,057	-	8,057
Debt service	7,323	7,323	-
Capital projects	579,555	61,867	517,688
Total disbursements	<u>8,363,942</u>	<u>69,190</u>	<u>8,294,752</u>
Excess (deficiency) of receipts over (under) disbursements	(15,091)	48,094	(63,185)
Other financing sources, net	8,491	8,341	150
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(6,600)	56,435	(63,035)
Balance beginning of year	<u>2,804,198</u>	<u>265,672</u>	<u>2,538,526</u>
Balance end of year	<u>\$ 2,797,598</u>	<u>322,107</u>	<u>2,475,491</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
3,876,167	3,876,511	780
15,000	15,201	11,625
3,971,999	3,856,471	(48,463)
2,000	22,340	(4,115)
270,450	306,235	38,731
76,455	53,663	(4,499)
156,000	144,101	(37,014)
<u>8,368,071</u>	<u>8,274,522</u>	<u>(42,955)</u>
969,194	1,129,194	74,490
311,910	311,910	32,813
1,255,800	1,255,800	88
792,604	717,604	85,837
3,185,850	3,335,850	16,694
241,341	241,341	8,038
1,066,353	1,071,353	76,085
15,000	15,000	6,943
-	-	-
735,000	585,000	67,312
<u>8,573,052</u>	<u>8,663,052</u>	<u>368,300</u>
(204,981)	(388,530)	325,345
-	150	-
(204,981)	(388,380)	325,345
1,889,483	2,536,079	2,447
<u>1,684,502</u>	<u>2,147,699</u>	<u>327,792</u>

Greene County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,348,851	(137,099)	8,211,752
Expenditures	8,363,942	65,761	8,429,703
Net	(15,091)	(202,860)	(217,951)
Other financing sources, net	8,491	52,272	60,763
Beginning fund balances	2,804,198	633,439	3,437,637
Ending fund balances	\$ 2,797,598	482,851	3,280,449

See accompanying independent auditor's report.

Greene County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$90,000. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted.

Greene County

Other Supplementary Information

Greene County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2004

	County Recorder's Records Management	REAP	Special County Recorder's Electronic Transaction Fee
Assets			
Cash and pooled investments	\$ 10,785	27,092	22,732
Receivables:			
Accrued interest	6	1	15
Drainage assessments	-	-	-
Due from other governments	-	132	14,196
Total assets	\$ 10,791	27,225	36,943
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 1	-	-
Deferred revenue	-	-	-
Total liabilities	1	-	-
Fund equity:			
Fund balances:			
Reserved for drainage warrants	-	-	-
Unreserved, undesignated	10,790	27,225	36,943
Total fund equity	10,790	27,225	36,943
Total liabilities and fund equity	\$ 10,791	27,225	36,943

See accompanying independent auditor's report.

Revenue						
Forfeiture	Drainage Districts	Conservation Land Acquisition	Raccoon River Valley Trail Foundation	Capital Projects	Total	
4,285	309,368	1,285	12,738	3	388,288	
-	-	-	-	-	22	
-	77,330	-	-	-	77,330	
-	-	-	-	-	14,328	
4,285	386,698	1,285	12,738	3	479,968	
-	4,661	-	-	-	4,662	
-	77,330	-	-	-	77,330	
-	81,991	-	-	-	81,992	
-	304,707	-	-	-	304,707	
4,285	-	1,285	12,738	3	93,269	
4,285	304,707	1,285	12,738	3	397,976	
4,285	386,698	1,285	12,738	3	479,968	

Greene County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2004

	County Recorder's Records Management	REAP	County Recorder's Electronic Transaction Fee	Special
Revenues:				
Intergovernmental	-	9,419	-	-
Charges for service	2,666	-	36,885	-
Use of money and property	73	7	58	-
Miscellaneous	-	-	-	-
Total revenues	<u>2,739</u>	<u>9,426</u>	<u>36,943</u>	<u>-</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	24,272	-	-
Total expenditures	<u>-</u>	<u>24,272</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,739</u>	<u>(14,846)</u>	<u>36,943</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	34,393	-	-
Operating transfers out	-	-	-	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>34,393</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>2,739</u>	<u>19,547</u>	<u>36,943</u>	<u>-</u>
Fund balances beginning of year, as restated	<u>8,051</u>	<u>7,678</u>	<u>-</u>	<u>-</u>
Fund balances end of year	<u>\$ 10,790</u>	<u>27,225</u>	<u>36,943</u>	<u>-</u>

See accompanying independent auditor's report.

Revenue					
Forfeiture	Drainage Districts	Conservation Land Acquisition	Raccoon River Valley Trail Foundation	Capital Projects	Total
3,355	-	-	-	-	12,774
-	-	-	-	-	39,551
-	-	-	-	-	138
4,262	115,992	-	1,292	-	121,546
7,617	115,992	-	1,292	-	174,009
4,279	-	-	-	-	4,279
-	4,660	-	-	-	4,660
-	59,597	-	-	-	59,597
-	60,614	57,916	1,253	-	144,055
4,279	124,871	57,916	1,253	-	212,591
3,338	(8,879)	(57,916)	39	-	(38,582)
-	-	48,486	-	-	82,879
-	-	-	-	(15,879)	(15,879)
-	60,613	-	-	-	60,613
-	60,613	48,486	-	(15,879)	127,613
3,338	51,734	(9,430)	39	(15,879)	89,031
947	252,973	10,715	12,699	15,882	308,945
4,285	304,707	1,285	12,738	3	397,976

Greene County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,411	96,730	112,735
Other County officials	49,815	-	-	-
Receivables:				
Property tax:				
Delinquent	-	97	162	4,661
Succeeding year	-	111,000	160,000	5,835,000
Accounts	48	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	61	88	3,225
Total assets	\$ 49,863	113,569	256,980	5,955,621
Liabilities				
Accounts payable	\$ -	-	459	-
Salaries and benefits payable	-	-	2,241	-
Due to other funds	1,390	-	-	-
Due to other governments	2,137	113,569	248,366	5,955,621
Trusts payable	46,336	-	-	-
Compensated absences	-	-	5,914	-
Total liabilities	\$ 49,863	113,569	256,980	5,955,621

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	City Special Assess- ments	Auto License and Use Tax	County Hospital	Other	Total
5,301	31,442	2,497	1,367	185,203	169,847	101,732	709,265
-	-	-	-	-	-	-	49,815
207	3,928	45	-	-	615	2	9,717
274,000	2,070,000	150,000	-	-	875,000	1,000	9,476,000
-	-	-	-	-	-	-	48
-	-	-	-	-	-	1,390	1,390
153	1,298	77	-	-	484	425	5,811
279,661	2,106,668	152,619	1,367	185,203	1,045,946	104,549	10,252,046
-	-	-	-	-	-	4	463
-	-	-	-	-	-	-	2,241
-	-	-	-	-	-	-	1,390
279,661	2,106,668	152,619	1,367	185,203	1,045,946	104,545	10,195,702
-	-	-	-	-	-	-	46,336
-	-	-	-	-	-	-	5,914
279,661	2,106,668	152,619	1,367	185,203	1,045,946	104,549	10,252,046

Greene County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 20,359	142,247	323,112	6,609,050
Additions:				
Property and other county tax	-	110,181	158,004	5,784,035
State tax credits	-	10,317	15,562	490,366
Office fees and collections	358,329	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Miscellaneous	-	-	1,073	-
Total additions	358,329	120,498	174,639	6,274,401
Deductions:				
Agency remittances:				
To other funds	123,675	-	-	-
To other governments	95,748	149,176	240,771	6,927,830
Trusts paid out	109,402	-	-	-
Total deductions	328,825	149,176	240,771	6,927,830
Balances end of year	\$ 49,863	113,569	256,980	5,955,621

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
295,747	1,865,462	152,632	3,368	193,104	1,058,045	98,752	10,761,878
271,888	2,061,684	148,760	-	-	867,271	856	9,402,679
21,717	213,436	9,200	-	-	65,401	138	826,137
-	-	-	-	-	-	-	358,329
-	-	-	-	2,441,264	-	-	2,441,264
-	-	-	1,945	-	-	13,245	15,190
-	-	-	-	-	-	108,995	110,068
293,605	2,275,120	157,960	1,945	2,441,264	932,672	123,234	13,153,667
-	-	-	-	101,181	-	-	224,856
309,691	2,033,914	157,973	3,946	2,347,984	944,771	117,437	13,329,241
-	-	-	-	-	-	-	109,402
309,691	2,033,914	157,973	3,946	2,449,165	944,771	117,437	13,663,499
279,661	2,106,668	152,619	1,367	185,203	1,045,946	104,549	10,252,046

Schedule 5

Greene County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Property and other county tax	\$ 3,877,732	3,902,119	3,919,675	3,810,728
Interest and penalty on property tax	27,398	27,660	22,838	20,086
Intergovernmental	3,694,585	3,860,912	3,809,673	3,754,997
Licenses and permits	17,760	8,082	2,722	1,517
Charges for service	331,423	378,589	277,477	282,444
Use of money and property	44,253	65,497	101,981	161,709
Fines, forfeitures and defaults	-	-	4,475	11,984
Miscellaneous	218,601	787,417	531,250	382,774
Total	\$ 8,211,752	9,030,276	8,670,091	8,426,239
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,039,041	1,007,160	1,005,995	967,785
Physical health and social services	279,004	163,267	146,692	159,243
Mental health	1,195,522	1,305,554	1,204,554	1,331,577
County environment and education	648,394	700,151	642,927	684,435
Roads and transportation	3,368,306	2,967,035	3,934,224	2,745,011
Governmental services to residents	234,034	223,006	216,302	216,062
Administration	991,378	965,603	985,066	146,189
Non-program	12,717	89,196	88,079	328,630
Debt service	59,597	514,055	344,386	903,977
Capital projects	601,710	613,615	744,749	373,195
Total	\$ 8,429,703	8,548,642	9,312,974	7,856,104

See accompanying independent auditor's report.

Greene County

Greene County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Greene County:

We have audited the financial statements of Greene County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated January 14, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greene County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item (11).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Greene County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, we believe item (A) is a material weakness. The prior year reportable conditions have not been resolved and are restated.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Greene County and other parties to whom Greene County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Greene County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 14, 2005

Greene County

Schedule of Findings

Year ended June 30, 2004

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
Receipts--opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer and Sheriff

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response –

County Treasurer – Current personnel will assume additional control of financial transactions, reconciliations and reports.

County Sheriff – Another employee will be utilized to provide these additional controls.

Conclusion – Responses accepted.

Greene County

Schedule of Findings

Year ended June 30, 2004

- (B) Compensated Absences – Certain employees have accumulated unused vacation and compensatory time hours in excess of the maximum hours allowed under the County’s current personnel policy and union agreement.

Recommendation – The County should comply with its personnel policy and union agreements.

Response – The County will review those policies and agreements to determine whether changes are necessary.

Conclusion – Response acknowledged.

- (C) Electronic Data Processing Systems – During our review of internal control, the existing control activities in the County’s computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the County’s computer based systems were noted:

The County does not have written policies for:

- requiring password changes because software does not require the user to change passwords periodically.
- requiring the computer system to log password usage so the same password can not be used again.
- requiring the computer system to deny access to the user after three failed attempts to gain access to the computer system.

Also, the County does not have a written disaster recovery plan.

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. A written disaster recovery plan should be developed.

Response –

- The County can amend the existing written policy regarding password changes.
- Our software does not track password usage and attempted logons i.e. 3 failed attempts or reusing passwords.
- Our disaster recovery plan is not a written policy yet, but more of a design flow for interruption of services. Information and templates for a disaster recovery plan have been obtained.

Conclusion – Response accepted.

Greene County

Schedule of Findings

Year ended June 30, 2004

- (D) County Treasurer – Although monthly bank reconciliations were performed, variances between the book balance and the bank balance at June 30, 2004 were not investigated and resolved. Also, although a current tax reconciliation was performed, a delinquent tax reconciliation and reapportionment was not performed at June 30, 2004.

Recommendation – Variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. Also, a delinquent tax reconciliation and reapportionment should be performed.

Response – Book and bank balances will be resolved. Delinquent tax reconciliation and reapportionment will be performed.

Conclusion – Response accepted.

Greene County

Schedule of Findings

Year ended June 30, 2004

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- (2) Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.
- (3) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.

The Extension Council has not approved the change fund used by the County Extension Office and surprise counts are not performed on this fund.

Five of the ten board minutes reviewed were not properly signed.

Greene County

Schedule of Findings

Year ended June 30, 2004

Recommendation – The Extension Council should approve the change fund used by the County Extension Office and surprise cash counts should be performed on these funds. Also, policies and procedures should be implemented in order to ensure all minutes are properly signed indicating approval.

Response – The Council now reviews the change fund. Council will review and sign minutes.

Conclusion – Response accepted.

- (11) Health Insurance – The County purchases health insurance which has a deductible for employees. The County reimburses employees for a portion of the deductible through a self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan unless the plan's yearly claims do not exceed one percent of the County's General Fund budget.

Recommendation – The County should obtain an actuarial opinion, issued by a fellow of the Society of Actuaries, as required, unless the County is exempt because the plan's yearly claims do not exceed one percent of the County's General Fund budget.

Response – We have engaged an actuary as recommended in order to comply with Chapter 509A.15 of the Code of Iowa.

Conclusion – Response accepted.

- (12) Outstanding Checks/Warrants – According to Chapters 331.554(6) and (7) of the Code of Iowa, all checks/warrants outstanding for longer than one year should be cancelled, removed from the outstanding check list and deposited to the account from which the check was written.

Also, the Treasurer shall maintain a list of all checks/warrants cancelled for one year after cancellation.

Five checks/warrants outstanding at June 30, 2004 had been outstanding for longer than one year.

Recommendation – All checks/warrants outstanding for longer than one year should be processed as required by Chapters 331.554(6) and (7) of the Code of Iowa.

Response – Checks/warrants will be canceled and outstanding checks/warrants will be looked at and taken care of along with keeping a list.

Conclusion – Response accepted.

Greene County

Schedule of Findings

Year ended June 30, 2004

- (13) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County Sheriff retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The County Sheriff should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The Sheriff is now receiving electronic images containing both the front and back of cancelled checks.

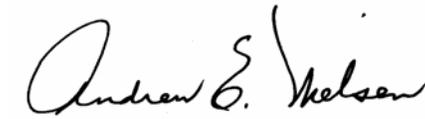
Conclusion – Response accepted.

Greene County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Gina L. Cunningham, CPA, Senior Auditor
Sheila M. Jensen, Staff Auditor
Curtis J. Schroeder, Staff Auditor
Jeffrey L. Lenhart, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA
Deputy Auditor of State